

Supplemental Reporting Document
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September 2005 Investment Committee Meeting
(July 2005 Reporting Period)

Quarterly Reports

Performance

Deferred Compensation Program

Other

Securities Lending Earnings

Internally Managed Domestic Equity Index Fund (No items to report)



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September 19, 2005

SUPPLEMENTAL ITEM

TO: MEMBERS OF THE INVESTMENT COMMITTEE

- I. SUBJECT:** Deferred Compensation Program – Quarterly Report of Investment Performance
- II. PORTFOLIO:** Deferred Compensation Program
- III. RECOMMENDATION:** Information only
- IV. ANALYSIS:**

Attached for your review is the June 30, 2005 quarterly performance report of the three funds managed by the Investment Office for the State of California's Savings Plus Program and the PERS 457 Program (for participating Public Agencies and Schools).

A separate page is presented for each of the three funds: the U.S. Treasury Short Term Fund, the U.S. Treasury Intermediate Term Fund, and the S&P 500 Index Fund. For each fund, the report contains a review of the asset growth, performance data and a brief narrative.

V. STRATEGIC PLAN:

This item supports Goal IV by providing performance reports to measure the adequacy of our returns.

VI. RESULTS/COSTS:

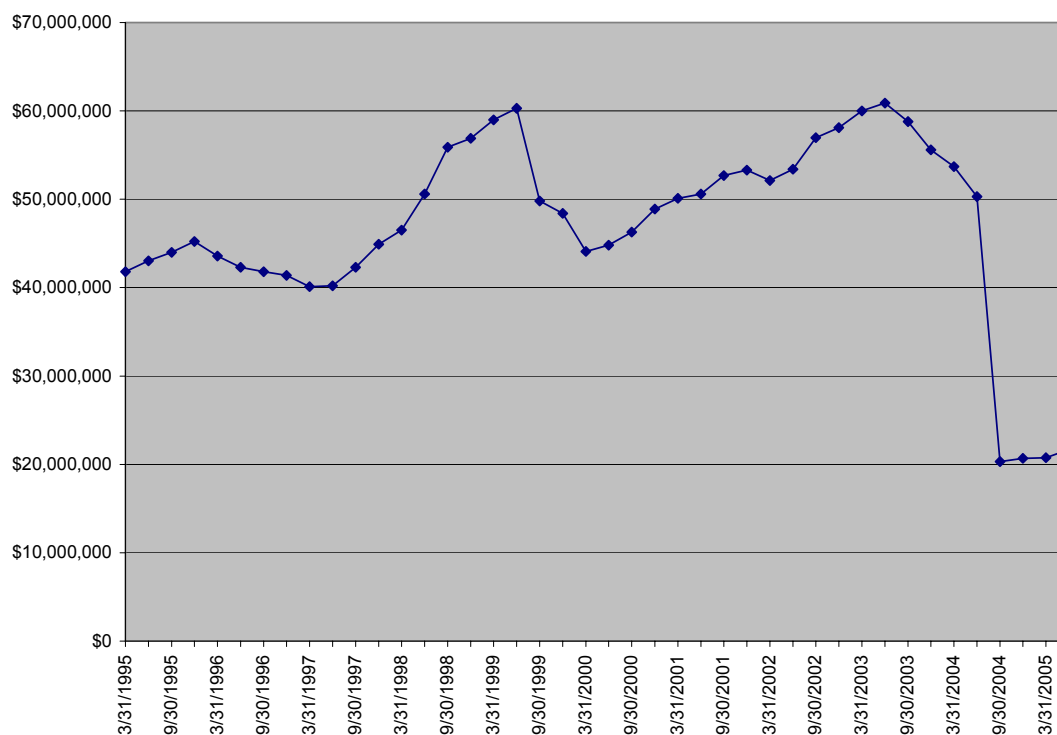
Information to Committee members.

Christian Cardeno
Trade Settlement Analyst

Mark Anson
Chief Investment Officer

Deferred Compensation Program
U.S. Treasury Intermediate Term Fund
June 30, 2005

ASSET GROWTH



	<u>12/96</u>	<u>12/97</u>	<u>12/98</u>	<u>12/99</u>	<u>12/00</u>	<u>12/01</u>	<u>12/02</u>	<u>12/03</u>	<u>12/04</u>	<u>06/05</u>
Market Value (\$ Millions)	41.4	44.9	56.9	48.4	48.9	53.3	58.1	55.6	20.7	21.7

PERFORMANCE*
For Periods Ended June 30, 2005

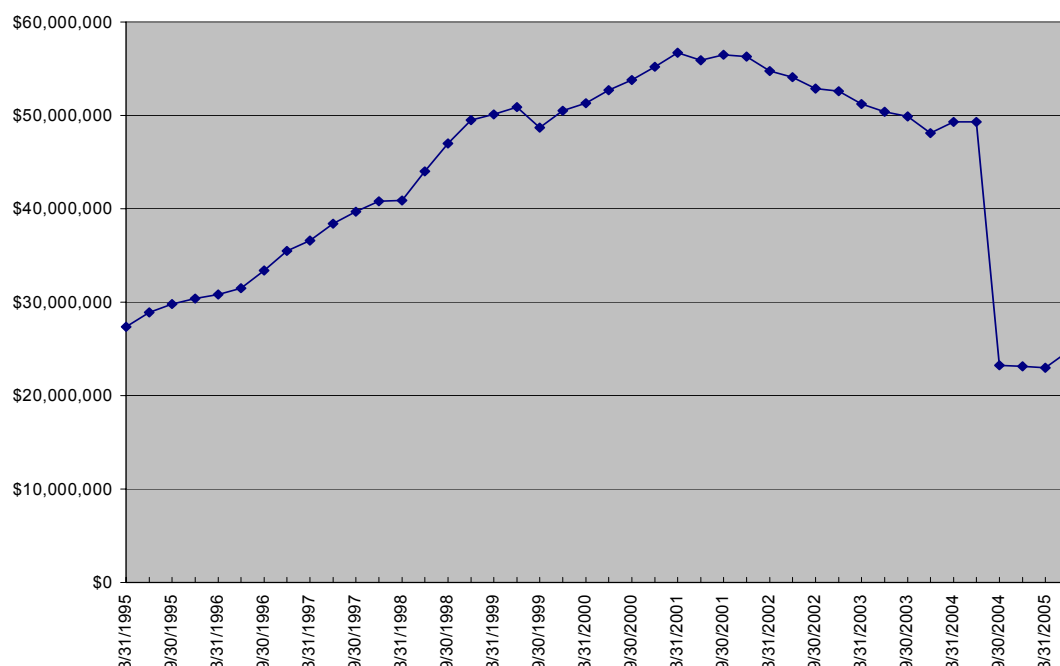
	<u>Qtr.</u>	<u>1 Yr.</u>	<u>3 Yr. Annualized</u>	<u>5 Yr. Annualized</u>
U.S. Treasury Intermediate Term	2.13%	3.72%	4.00%	6.08%
<u>Benchmark:</u> CalPERS Custom Lehman 1-10	2.32%	3.86%	3.81%	5.84%

Comments: The second quarter of 2005 began with the yield on the U.S. Treasury 3 year note at 3.93% and the 5 year Note at 4.17%. During the quarter, interest rates fell in short term notes with maturities from 2 to 10 years. These changes occurred as demand for short term U.S. debt increased from foreign buyers as they sought higher yield. This resulted in a rise in the price of short term Notes as yields fell. During the quarter the Federal Reserve increased the Federal Funds Rate from 2.75% to 3.25%. The 3 year note ended the quarter at 3.65 and the 5 year Note at 3.7%

*Gross performance. Savings Plus Program has asset management fees of .14% per year. PERS 457 Program has asset management fees of .29% per year and an administration fee of .26% per year.

Deferred Compensation Program
U.S. Treasury Short Term Fund
June 30, 2005

ASSET GROWTH



	<u>12/96</u>	<u>12/97</u>	<u>12/98</u>	<u>12/99</u>	<u>12/00</u>	<u>12/01</u>	<u>12/02</u>	<u>12/03</u>	<u>12/04</u>	<u>06/05</u>
Market Value (\$ millions)	35.5	40.8	49.5	50.5	53.8	56.3	52.6	48.1	23.1	24.8

PERFORMANCE*
For Periods Ended June 30, 2005

	<u>Qtr.</u>	<u>1 Yr.</u>	<u>3 Yr. Annualized</u>	<u>5 Yr. Annualized</u>
U.S. Treasury Short Term	0.69%	2.05%	1.45%	2.46%
<u>Benchmark:</u>				
PERS 1 Month T-Bill	0.64%	1.92%	1.40%	2.33%

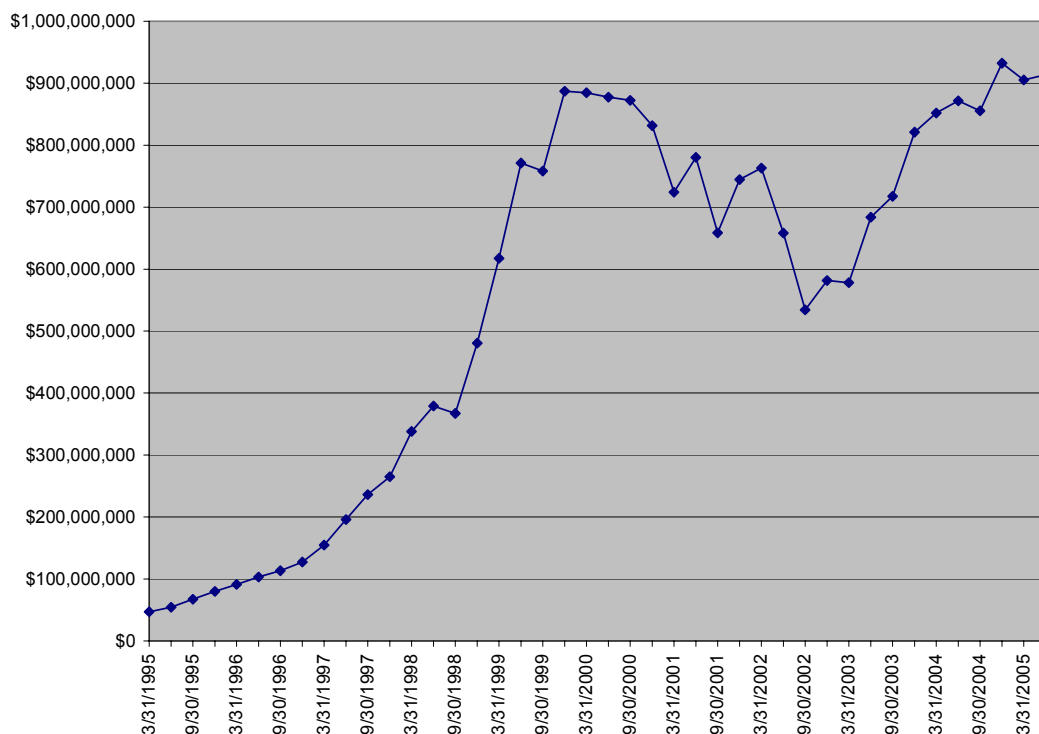
Comments: During the second quarter of 2005, 1-month T-Bills traded in a range of 2.4% to 2.97% and ended the quarter at 2.97%. During the quarter the FOMC raised the Fed Funds target rate from 2.75% to 3.0% on May 3 and to 3.25% on June 30.

The U.S. Treasury Short Term Fund began on July 25, 1991, with the Savings Plus Program and grew as the PERS 457 Program was added in February 1995.

*Gross performance. Savings Plus Program has asset management fees of .12% per year. PERS 457 Program has asset management fees of .29% per year and an administration fee of .26% per year.

Deferred Compensation Program
S & P 500 Index Fund
June 30, 2005

ASSET GROWTH



	<u>12/96</u>	<u>12/97</u>	<u>12/98</u>	<u>12/99</u>	<u>12/00</u>	<u>12/01</u>	<u>12/02</u>	<u>12/03</u>	<u>12/04</u>	<u>06/05</u>
Market Value (\$ millions)	127.3	265.0	480.4	887.1	831.6	744.3	581.7	821.1	932.2	913.6

PERFORMANCE*
For Periods Ended June 30, 2005

	<u>Qtr.</u>	<u>1 Yr.</u>	<u>3 Yr. Annualized</u>	<u>5 Yr. Annualized</u>
S&P 500 Index Fund	1.38%	6.35%	8.17%	-2.46%
<u>Benchmark:</u> S&P 500 Index	1.37%	6.32%	8.28%	-2.37%

Comments: For the quarter, the portfolio returned 1bps versus the S&P 500 index. The NAV returns for the quarter and one-year period were 1.38% and 6.35% versus the benchmark's 1.37% and 6.32% respectively. The S&P 500 Index Fund began in November 1991 with the Savings Plus Program and grew as the PERS 457 Program was added in February 1995.

*Gross performance. As of July 1, 1996 asset management fees for the Savings Plus Program were renegotiated to .056% per year. Prior to July 1, 1996 Savings Plus Program had asset management fees of .16% per year. PERS 457 Program has asset management fees of .09% per year and an administration fee of .26% per year. **Above returns are calculated using Internal Rate of Return (IRR).



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September 19, 2005

SUPPLEMENTAL ITEM

TO: MEMBERS OF THE INVESTMENT COMMITTEE

- I. SUBJECT:** Securities Lending Earnings
(Quarter Ended June 30, 2005)
- II. PROGRAM:** Securities Lending
- III. RECOMMENDATION:** Information Only
- IV. ANALYSIS:**

Earnings for the quarter ended June 30, 2005, are presented to the Investment Committee for information.

Asset Class	Average Lendable Assets (\$ 000)	Average % on Loan	Net Margin (Annualized)	Net Income to CalPERS (\$ 000)
Global Equities	\$ 102,980,967	19%	47 bp	\$ 22,819
Global Fixed Income	\$ 27,250,423	55%	22 bp	\$ 8,083
Total Program	\$ 130,231,390		36 bp	\$ 30,902

Policy Violations:

Boston Global Advisors did not violate the policy during the second quarter of the calendar year.

Credit Suisse First Boston (CSFB) did not violate the policy during the second quarter of the calendar year.

Members of the Investment Committee
September 19, 2005

eSecLending did not violate the policy during the second quarter of the calendar year.

Metropolitan West did not violate the policy during the second quarter of the calendar year.

State Street Bank did not violate the policy during the second quarter of the calendar year.

V. STRATEGIC PLAN:

This item supports Goal IV by assuring that sufficient funds are available, first, to pay benefits and, second, to minimize and stabilize employer contributions.

VI. RESULTS/COSTS:

The securities lending program generated \$30.9 million of net income for the quarter ended June 30, 2005. The average market value of securities on loan for the quarter was \$34.5 billion.

Prepared by: _____
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Mark Anson
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